Coal sites offered to private parties in Maharashtra

*382. SHRIMATI +BASANTI SARMA:
DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of COAL be pleased to state:

(a) what are the sites of Coal Mines in Maharashtra which are being offered to private parties;

(b) whether it is a fact that only the loss making sites are offered to private parties; and

(c) what is the policy of Government in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) As of now Coal India Ltd. have tentatively identified four virgin blocks in Maharashtra under the command area of Western Coalfields Limited for development by private companies engaged in power generation as source of coal supply for their power plants. These blocks are Lohara (East), Lohara (West), Baranj (I to IV) and Bander.

(b) No, Sir.

(c) A statement is laid on the Table of the House.

Statement

The following are the guidelines adopted for allocation of blocks to the private sector for coal mining for power generation:

(i) Preferably blocks in green field areas where basic infrastruture like road, rail links etc. is yet to be developed should be given to the private sector. The areas where CIL has already invested in creating such infrastructure for opening new mines should not be handed over to the private sector, except on reimbursement of costs.

(ii) The blocks offered to private sector should be at reasonable distance from existing mines and projects of CIL in order to avoid operational problems.

(iii) Blocks already identified for development by CIL where adequate funding is on hand or in sight should not be offered to the private sector.

(iv) Private sector should be asked to bear full cost of exploration in these blocks which may be offered.

(v) For identifying blocks the requirement of coal for about 30 years would be considered.

Further the policy *inter-alia* includes:—

— approval of mining plan as required under the Mines and Minerals (Regulation and Development) Act, 1957.

— inspection and appropriate enforcement of conservation measures by the Coal Controller under the Coal Mines (Conservation and Development) Act, 1974 with a view to ensuring scientific mining.

— enforcement of safety regulations by the Directorate General of Mines Safety.

SHRIMATI BASANTI SARMA: Sir, according to the Coal Mines Nationalization Act, 1973, private coal-mining is permitted only in inaccessible and isolated areas. In reply to part (c) of my question, the hon. Minister has rightly stated about the guidelines for offering sites to private parties. Now, these guidelines cannot be given effect to as long as the provisions of the Act are applicable. My quesition is, in view of your guidelines, whether the relevant provision of the Act will be deleted and, if so, when?

+ The questions was actually asked on the flors of the House by Shrimati Basanti Sarma.

SHRI AJIT KUMAR PANJA: Sir, the relevant provisions have already been amended. If I may draw the attention of the hon. Member to the Coal Mines Nationalization (Amendment) Act, 1993, passed by this House, section 2 has been amended to read "(i) a company engaged in production of iron and steel. (ii) generation of power." This was brought in. Now, if any private company which wants to generate power puts in an application, other conditions being satisfied and within the guidelines, Coal India will be able to give a captive mine so that from there they can mine the Coal and use it for the generation of power. Therefore, the Act has already been amended.

SHRIMATI BASANTI SARMA: The guidelines are general, Sir. Here you have given only for power generation, but the guidelines given here are general.

SHRI AJIT KUMAR PANJA: These guidelines are for the statutory power already granted under the amended Act, that is, for those who will produce power. For them these guidelines will be applicable. Those who are not producing power or iron and steel, or washeries, are not given captive mines at all. There is no such power given by Parliament to Government.

DR. SHRIKANT RAMCHANDRA JICHKAR: The guidelines are all general.

MR. CHAIRMAN: Dr. Jichkar, I am going to call you.

DR. SHRIKANT RAMCHANDRA JICHKAR: The Minister gave the reply and said that the 1993 amendment is for the steel and power generation sectors, whereas the guidelines which he has given under part (c) are for general power investment. That is why the hon. Member has asked as to when an amendment to the 1973 Act will be made.

SHRI AJIT KUMAR PANJA: Sir, I am sure he has read the reply, but I request him to read it from the very beginning. The reply is:

> "The following are the guidelines adopted for allocation of blocks to the private sector for coal mining for power generation:"

Therefor, it is clear.

MR. CHAIRMAN: Dr. Jichkar, now you ask your supplementary.

DR. SHRIKANT RAMCHANDRA JICHKAR: No, Sir. Her second supplementary has still not been replied exhaustively.....*(Interruptions)*

SHRIMATI BASANTI SARMA: Recently, on the 23rd of June, 1994, the Chairman of the Eastern Coalfields Ltd. which is under the Coal India Ltd., has issued a statement that the Indian Coal Control Act would be amended to allow aspiring investors to enter into the field of direct coal trading or to enter into joint ventures with foreign countries in coal production, washing and captive power generation. Will you tell us when this Act will be amended and what, in brief, will be the nature of the proposed amendment?

SHRI AJIT KUMAR PANJA: I do not know about that statement as such. No power is given to private industries for coal trading, but for power generation, yes, and for washery, yes. Iron and steel was there since the beginning.

SHRI SATYA PRAKASH MALAVIYA: A second supplementary is not allowed.

DR. SHRIKANT RAMCHANDRA JICHKAR: No. This is my regular supplementary.

Sir, the World Bank is considering giving $500 million infrastructure loan to overhaul the coal sector in the current year. Yesterday's "*Financial Express*" has given a very detailed report about this loan. This is for a infrastructural development in the coal industry. In the guidelines which the Minister has

supplied to us in reply to part (c) of the question, he says that the sites which will be offered to private parties will be the sites where infrastructure has not developed. So, the first part of my supplementary is this. The loan will be made available in June, 1995, as the Finance Minister report says. Would this loan be made use of in developing the infrastructure on the sites which will be offered to the private sector?

Part (b) of my supplementary is this. Decontrol of the coal prices is expected to precede the private sector investment in coal mining. This is one of the conditions of the $500 million loans. Now that coal-mining has alrady been offered on four sites, four blocks in Maharashtra. when will the coal prices be decontrolled?

SHRI AJIT KUMAR PANJA: So far as the first portion is concerned, the private sector people who are coming in, are being allowed beeasue there is a financial constraint to develop coal fields. That is necessary to meet the demand. Therefore, the private parties shall have to put in their own money. Clause No. i of the conditions is that they will be offered green field area. They have to develop their own infrastructure. On that basis, they will come with their own capital and develop coald fields. When the World Bank money becomes available, it will be utilised for infrastructural development of the Coal India which is functioning and other areas which will be developed by public sector units.

So far as the second portion is concerned, the conditionalities of decontrol are being discussed now, and no finality has yet been reached.

DR. SHRIKANT RAMCHANDRAN JICHKAR: I am satisfied with the reply.

MR. CHAIRMAN: Thank you.

SHRI S. JAIPAL REDDY: For once

SHRI V. NARAYANASAMY: Mr. Chairman, Sir, the hon. Minister has stated that only in the iron and steel industry and the power industry private parties will be given captive coalmines. There are various areas in our country, especially in the South, in Tamil Nadu and in my State, where coal reserves and leco are available in plenty. My informaition is hat those areas have not been notified by the Government for the purpose of coal mining. Therefore, I would like to know this from the hon. Minister. Large reserves of coal are available in Southern States. When private parties come forward for the purpose of setting up power projects in those areas, will the Government consider their proposals for having captive coalmines in the Southern States?

MR. CHAIRMAN: It is a different quesiton. It is about Maharashtra.

SHRI V. NARAYANASAMY: Only one part is on Maharashtra. the second part is general.

MR. CHAIRMAN: O.K.

SHRI V. NARAYANASAMY: If the hon. Chairman considers the criteria, they are general in nature. Therefore, the second part of my question is: What is the share which the Government of India is taking from the private parties when they give the captive coalmines to the private sector?

SHRI AJIT KUMAR PANJA: So far as the first part of the question is concerned, the Coal Mines Nationalization Act also covers the lignite production. When the hon. Member said about leco, I understand he meant lignite. Yes, Sir, the same guideline will be applicable. If the private parties come for the purpose of power generation, captive coal-mines would be offered to them under the terms and conditions that have been laid down. So far as the share is concerned, it depends on which type of captive coalmine they are taking. Exploration charges are being assessed by a competent body. Thereafter, it will depend on the memorandum of understanding between the private parties on what manner they will exploit and

what items they are going to put. It is so because the interest of the State is also involved in getting its share of royalty from that raising of coal.

SHRI INDER KUMAR GUJRAL: My hon. friend, the Minister, has just now made a statement which is slightly confusing. He has said that he is going to permit the entry of private sector in this vital energy sector becasue of the financial constraints. I would like to know one thing. Does he mean that the private sector includes the outsiders? Or, if outsiders are permitted, then I would like to know where the financial constraint is because we are told that we are over-flowing with funds and the Government of India does not know what to do with the 17 billion dollars that are there. If on the one hand the money is overflowing and on the other side on this plea you are wanting the outsiders to come into the vital sector, kindly let me know the position›

SHRI AJIT KUMAR PANJA: So far as the Department of Coal and allocation made is concerned, I would like to say that our Study Group has asked for Rs. 22,250 crores, if we really want to develop on this plan. The investment which we are asked to make, as less as possible, we could not make it less than Rs. 19,374 crores. Infact the Planning Commission allowed Rs. 11,320 crores for coal and lignite taken together. So, the hon. Member will appreciate that there is a shortfall of Rs. 9,000 crores. With that amount power has to be produced. Most of the power stations, (60 per cent) are coal-based. For that reason captive power plants were thought of. It appeared that people would be coming, if they had got money. Both Indians and foreigners, if they want to come and float an Indian company or otherwise, then this will be offered to them for the purpose of power generation and also for the washeries because we need clean coal.

SHRI INDR KUMAR GUJRAL: Sir, he did not reply to the main point of my quesiton. This is not a satisfactory reply. One department of the Government is over-flowing with funds and another department of the Government is short of funds. This is no reply. I hope and I assume that the Government of India is a unified entity and they are able to transfer funds from one department to another. So, I would like to get a specific assurance from the Government of India, particularly the Minister of Coal, that they are not going to permit the outsiders, the non-Indian interests to come in this sector only on the plea that there is no money available, when money is over-flowing on the one hand and we have 17 billion dollars and we are told everyday that you do not know what to do with this money. That is why you are liberating people's travels and all those things so that the money can be wasted somehow.

SHRI AJIT KUMAR PANJA: Sir, on these comments I do not agree with the hon. Member, but the point is that it is not only the financial constraint. I do not see financial constraint is the only reason. The Coal India was having a monopoly. In these days of economic development and globalisation the Government thought that such monopoly had to be curtailed and an element of competition injected so that the power companies can develop captive coalmines like the Tata Iron and Steel's and compared in performance. We usually compare the performance of the Coal India and the Tata Iron and Steel which have been having captive coal mine since time immemorial.

So far as their functioning and the functioning of the Coal India Limited are concerned, there is a change and transfer of various types of information. Therefore, it is not a question of constraint of resources only. It is a question of an element of competition coming in, increasing of efficiency between the private enterprises and the public sector undertakings.

SHRI INDER KUMAR GUJRAL: Mr. Chairman, Sir, you will agree that our hon. Minister is a very able lawyer. He can plead and take a bad case. Of

course, he was doing very well as a lawyer. I concede that. Having conceded that, I know the fact that he can definitely put a bad case in a way that confuses us further. I am putting a very simple question: Are you not seeing the danger, when, whatever you may say, in the name of money, you let in outsiders in the vital security areas of India where we must safeguard our energy sector? The Tatas is not the point nor the Birlas is the point.

SHRI AJIT KUMAR PANJA: My learned friend has mentioned about the lawyer. I have to treat you as the judge and not my adversary who is arguing for that. The point is, there is no danger whatsoever. Nowadays, the level of consciousness of India has reached even our workers. Therefore, whoever comes in, let him come. Even a foreign enterprise can come. I said so in my reply to the first question. But they have to be under the Coal Controller's rules and regulations and the inbuilt safety in any such MOU.

They have to comply with it. The lease agreement shall have to pass through the Government of India and the Coal India Limited to see that the Coal Controller's rules and regulations and the safety rules which have been passed by this House are strictly complied with. Therefore, there is no question of any danger coming in.

SHRI INDER KUMAR GUJRAL: Permission for this...*(interruptions)*...

MR. CHAIRMAN: I think, we have to stop. I am calling Mr. Govindrao Adik.

SHRI GOVINDRAO ADIK: Mr. Chairman, Sir, now, it is the policy of the Government to allow the private sector also to enter coal mining industry in our country. It has been reliably learnt that the Coal India Limited have submitted a proposal to the Government of India for having joint ventures with the private sector, for approval. It is learnt that some eight companies have approached the Coal India Limited for setting up joint ventures and therefore the CIL is seeking the approval of the Government of India. I would like to know from the hon. Minister, whether it is a fact that the Coal India Limited have submitted such a proposal to the Government of India. If it is so, which are those companies? Whether they are Indian companies or foreign companies? What are their proposals? I would also like to know from the hon. Minister as to how many private sector companies are going to operate in Maharashtra.

SHRI AJIT KUMAR PANJA: Mr. Chairman, Sir, it is true that the Coal India Limited have submitted joint venture proposals. It is still under the consideration of the Government. No finality has yet been reached because detailed discussions are required to see how far these will be really viable and good for the coal sector.

So far as the private companies which have offered joint venture proposals with the Coal India Limited are concerned, this information is not readily available with me because this is not germane to the main question. If the hon. Member is interested in this information, certainly I will write to him.

*383. *[The questioner (SHRI G.Y. KRISHNAN) was absent. For answer,* vide *col. 31 infra]*

MR. CHAIRMAN: Q.No. 384 and Q.No. 385 relate to the same subject, Indian Statistical Institute. So, I think we can combine these together.